

**REPORT OF THE AUDIT OF THE  
PULASKI COUNTY  
CLERK**

**For The Year Ended  
December 31, 2009**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE PULASKI COUNTY CLERK**

**For The Year Ended  
December 31, 2009**

The Auditor of Public Accounts has completed the Pulaski County Clerk's audit for the year ended December 31, 2009. Based upon the audit work performed, the financial statement presents fairly in all material respects, the revenues, expenditures, and excess fees in conformity with the regulatory basis of accounting.

#### **Financial Condition:**

Excess fees increased by \$50,208 from the prior year, resulting in excess fees of \$630,998 as of December 31, 2009. Revenues decreased by \$991,741 from the prior year and expenditures decreased by \$1,041,949.

#### **Deposits:**

The County Clerk's deposits were insured and collateralized by bank securities.



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**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Barty Bullock, Pulaski County Judge/Executive  
The Honorable Ralph Troxtell, Pulaski County Clerk  
Members of the Pulaski County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues, expenditures, and excess fees - regulatory basis of the County Clerk of Pulaski County, Kentucky, for the year ended December 31, 2009. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office prepares the financial statement on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and excess fees of the County Clerk for the year ended December 31, 2009, in conformity with the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated June 3, 2010 on our consideration of the Pulaski County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



The Honorable Barty Bullock, Pulaski County Judge/Executive  
The Honorable Ralph Troxtell, Pulaski County Clerk  
Members of the Pulaski County Fiscal Court

This report is intended solely for the information and use of the County Clerk and Fiscal Court of Pulaski County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

June 3, 2010



PULASKI COUNTY  
RALPH TROXTELL, COUNTY CLERK  
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2009

Revenues

State Grants		\$	24,294
State Fees For Services			26,992
Fiscal Court			54,178
Licenses and Taxes:			
Motor Vehicle-			
Licenses and Transfers	\$	2,397,461	
Usage Tax		6,724,545	
Tangible Personal Property Tax		4,000,456	
Other-			
Fish and Game Licenses		6,314	
Marriage Licenses		19,667	
Notary Fees		14,644	
Clerk Lien Fees		40,438	
Deed Transfer Tax		169,362	
Delinquent Tax		535,207	13,908,094
Fees Collected for Services:			
Recordings-			
Deeds, Easements, and Contracts		68,098	
Real Estate Mortgages		161,939	
Chattel Mortgages and Financing Statements		148,249	
Powers of Attorney		10,714	
All Other Recordings		118,743	
Charges for Other Services-			
Copywork		30,617	
Postage		5,289	
Delinquent Tax Releases		5,420	
Candidate Filing Fee		3,670	552,739
Other:			
Refunds		20,629	
Miscellaneous		3,544	24,173

The accompanying notes are an integral part of this financial statement.

PULASKI COUNTY  
 RALPH TROXTELL, COUNTY CLERK  
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS  
 For The Year Ended December 31, 2009  
 (Continued)

Revenues (Continued)

Interest Earned	\$ 19,812
Total Revenues	14,610,282

Expenditures

Payments to State:

Motor Vehicle-

Licenses and Transfers	\$ 1,627,606
Usage Tax	6,523,127
Tangible Personal Property Tax	1,594,954

Licenses, Taxes, and Fees-

Fish and Game Licenses	6,072
Delinquent Tax	123,145
Legal Process Tax	61,690
Affordable Housing Trust	94,716
	\$ 10,031,310

Payments to Fiscal Court:

Tangible Personal Property Tax	258,090
Delinquent Tax	28,467
Deed Transfer Tax	160,894
	447,451

Payments to Other Districts:

Tangible Personal Property Tax	1,992,983
Delinquent Tax	243,885
	2,236,868

Payments to Sheriff	5,289
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Payments to County Attorney	74,978
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Operating Expenditures and Capital Outlay:

Personnel Services-

Deputies' Salaries	815,100
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Contracted Services-

Advertising	132
Printing and Binding	14,929
Maintenance and Repairs	31,892
Grant Expenditures	24,294

The accompanying notes are an integral part of this financial statement.

PULASKI COUNTY  
 RALPH TROXTELL, COUNTY CLERK  
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS  
 For The Year Ended December 31, 2009  
 (Continued)

Expenditures (Continued)

Operating Expenditures and Capital Outlay: (Continued)

Materials and Supplies-			
Office Supplies	\$	54,134	
Other Charges-			
Conventions and Travel		1,816	
Dues		8,586	
Postage		14,521	
Uncollected Returned Checks		3,130	
Telephone		21,256	
Credit Card Usage Fees		13,499	
Refunds		20,629	
Miscellaneous		10,278	
Records Update		121	\$ 1,034,317
Capital Outlay-			
Office Equipment		25,463	
Voting Equipment		17,930	43,393
Debt Service:			
Lease Purchases			12,996
Total Expenditures			\$ 13,886,602
Net Revenues			723,680
Less: Statutory Maximum			86,436
Excess Fees			637,244
Less: Expense Allowance		3,600	
Training Incentive Benefit		2,646	6,246
Excess Fees Due County for 2009			630,998
Payments to Fiscal Court - January 13, 2009		32,982	
December 30, 2009		596,008	
December 30, 2009		2,008	630,998
Balance Due Fiscal Court at Completion of Audit			\$ 0

The accompanying notes are an integral part of this financial statement.

PULASKI COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2009

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the County Clerk as determined by the audit. KRS 64.152 requires the County Clerk to settle excess fees with the fiscal court by March 15 each year.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting, revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive), at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2009 services
- Reimbursements for 2009 activities
- Payments due other governmental entities for December tax and fee collections and payroll
- Payments due vendors for goods or services provided in 2009

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

PULASKI COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2009  
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple-employer, defined benefit pension plan that covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members.

Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 13.50 percent for the first six months and 16.16 percent for the last six months of the year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The Pulaski County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1) (d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the County Clerk's deposits may not be returned. The Pulaski County Clerk does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2009, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

PULASKI COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2009  
(Continued)

Note 4. Grant

The Pulaski County Clerk received a local records microfilming grant from the Kentucky Department for Libraries and Archives in the amount of \$30,000. Funds totaling \$24,294 were expended during the year. The unexpended grant balance was \$5,706 as of December 31, 2009.

Note 5. Leases

- A. On October 1, 2007 the Pulaski County Clerk entered into a five-year lease agreement with Ershig Properties for office space within the Somerset Mall. The County Clerk is required to make monthly payments of \$750. As of January 1, 2009 the beginning principal balance was \$33,750. During the year, the County Clerk paid \$9,000 leaving a principal balance of \$24,750 as of December 31, 2009.
- B. On September 26, 2008 the Pulaski County Clerk signed a lease agreement with Pitney Bowes for a mailing system. The lease agreement requires sixteen quarterly payments of \$999 for a total of \$15,984 beginning February 6, 2009. During the year, the County Clerk made quarterly payments totaling \$3,996 leaving a principal balance of \$11,988 as of December 31, 2009.

Note 6. Cash Drawers

The Pulaski County Fiscal Court allowed the County Clerk to retain \$1,000 from 2007 excess fees to be used for the cash drawers of his office. The \$1,000 will be paid to the fiscal court as excess fees when the County Clerk concludes his last year in office.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS







**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Barty Bullock, Pulaski County Judge/Executive  
The Honorable Ralph Troxtell, Pulaski County Clerk  
Members of the Pulaski County Fiscal Court

Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of revenues, expenditures, and excess fees - regulatory basis of the Pulaski County Clerk for the year ended December 31, 2009, and have issued our report thereon dated June 3, 2010. The County Clerk's financial statement is prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Pulaski County Clerk's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County Clerk's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County Clerk's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Pulaski County Clerk's financial statement for the year ended December 31, 2009, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the Pulaski County Fiscal Court, and the Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Crit Luallen', with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

June 3, 2010

